LIBRARY
SUPREME COURT, U. S.

Office-Supreme Court, U.S.
FILED
MAY 31 1963
JOHN F. DAVIS, CLERK

No. 106

IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

COMPCO CORPORATION,

Petitioner,

vs.

DAY-BRITE LIGHTING, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

OWEN J. OOMS,
One North LaSalle Street,
Chicago 2, Illinois,

FREDERICK M. WOODRUFF,
GRAVELY, LIEDER & WOODRUFF,
705 Olive Street,
St. Louis 1, Missouri,
Attorneys for Respondent.

The Scheffer Press, Inc.—ANdover 3-6850

INDEX

PAGE

Opinions Below 1

Question Presented 2

Statement 2

Argument 4

Conclusion 11

Table Of Cases.

American Safety Table Co. v. Schreiber, 269 F. 2d 272 8

Erie v. Tompkins, 304 U.S. 64 11

Goodyear Tire and Rubber Co. v. Robertson, 18 F. 2d 639, 641 9

Hurn v. Oursler, 289 U.S. 238 (1933) 5, 6, 11

The Hygienic Specialty Co. v. H. T. Salzman, Inc., 302 F. 2d 614, 619 (CA 2, 1962) 8

Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) 5, 6, 9

Lucien Le Long v. Lander, 164 F. 2d 395 (CA 2, 1947) 7

Mazer v. Stein, 347 U.S. 201 (1954) 5, 6

Radio Shack Corp. v. Radio Shack, 180 F. 2d 200, 206 (CA 7, 1950) 10

Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249 (1945) 9

Smith v. Whitman Saddle Co., 148 U.S. 672 (1892) ... 6

Sola Electric Company v. Jefferson Electric Company, 317 U.S. 173 (1942) 10

Stiffel Co. v. Sears Roebuck & Co., 313 F. 2d 115 10

Statute Relied On.

Federal Statute 28 U.S.C. 1338(b) 5

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 1010

COMPCO CORPORATION,

Petitioner,

vs.

DAY-BRITE LIGHTING, INC.,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

To the Honorable Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Respondent Day-Brite Lighting, Inc., opposes the Petition herein for a Writ of Certiorari for the reasons hereinafter stated.

OPINIONS BELOW

The opinions of the Court of Appeals for the Seventh Circuit are correctly set forth in the Appendix to the Petition except for the following clear error. In Petitioner's Appendix, page 3A, 11th line from the bottom of the page,

the sentence reading "We cannot agree with the District Court * * *" should be—"We *must* agree with the District Court * * *". (Emphasis ours.).

QUESTION PRESENTED

The "Question Presented" by Petitioner suggests that this Court should reverse the Court of Appeals and thereby nullify the Illinois law of unfair competition, because it is in some undefined conflict with Federal law on patents. It is submitted however, that the only "Question Presented" is—

Where Petitioner has copied a product which has acquired a secondary meaning, was it not proper for a Court of Equity to enjoin Petitioner even though Respondent was unsuccessful in a second cause of action for design patent infringement.

STATEMENT

Petitioner's statement of the case is inadequate, but can be supplemented by quotations from the opinion of the Court of Appeals for the Seventh Circuit, as follows:

> "In 1954, after complaints of warpage in the reflectors, which caused the porcelain reflective coatings to chip, plaintiff altered its design by extending the cross ribs down the sides of the U-shaped reflector. Although this also presented an attractive appearance, it served to strengthen the reflector. The changed design was embodied in fixtures which the plaintiff began selling in or about October, 1954. There are sold under the name 'CFI-10'. The new appearance of the plaintiff's fixtures was the subject of its Patent No. Des. 176,367, issued December 13, 1955, which plaintiff sought to enforce in this action. Styling is considered important in the industry and such styling does provide product identification which increases salability of products.

In 1955 Mitchell Manufacturing Company manufactured fixtures with reflectors under the names 'Mitchell' and 'Dynalite', which were almost exact copies of plaintiff's CFI-10 design. On or about December 31, 1955, the plaintiff gave notice of infringement to Cory Manufacturing Company, which had then acquired Mitchell Manufacturing Company and was advertising the reflectors. On or about March 9, 1956, defendant acquired certain of the Mitchell assets from Cory, and defendant then manufactured the Mitchell and Dynalite reflectors, using the same advertising and promotional literature put out by Mitchell and Cory." (App. 2a-3a)

• • •

The evidence of infringement presents no substantial issue. We must agree with the District Court that if the plaintiff's patent is valid, it is also infringed." (App. 3a)

• • •

"This brings use to the question of unfair competition. While the District Judge did not specifically find 'secondary meaning' identifying the reflectors with the plaintiff as a source, he did find that the appearance of the CFI-10 has the capacity to identify the plaintiff to the trade. He found that concurrent sale of CFI-10 and Mitchell-Dynalite fixture reflectors was likely to cause confusion in the trade, and *that actual confusion had occurred.* Therefore, although he dismissed the Complaint insofar as patent infringement was concerned, he did find the defendant guilty of unfair competition. He granted an injunction against unfair competition by sale or attempted sale of reflectors identical with or confusingly similar to the CFI-10 or the Mitchell 'Dynalite', and ordered an accounting for damages resulting from such unfair competition." (Emphasis ours.) (App. 5a)

Petitioner has not at any time controverted any of the significant findings relating to unfair competition.

ARGUMENT

The litigation below is a typical case of two separate and distinct causes of action (unfair competition and design patent infringement) in one suit. Each cause of action depending for decision entirely upon its own facts. Since two courts below have unanimously resolved questions of fact and the applicable law in favor of Respondent, the Petition for Writ of Certiorari should be denied.

In view of the Question Presented, there is no validity and/or interpretation of statutes involved; there is no conflict between the decisions of the courts below; and no special and important reasons are presented why the Petition for a Writ of Certiorari should be granted in view of the concurrent findings of fact and conclusions of law by the courts below.

Petitioner asserts two points in support of its Petition which are answered by Respondent in the order presented.

1. Petitioner's first point essentially is that a complainant cannot seek relief for a cause of action under the federal patent laws and in the same suit a cause of action for unfair competition. Petitioner states (Brief p. 5) "Just how the joinder of these actions arose is not clear, but it is clear that it has no sanction either in the statutory law or the decisions of this Court, the last design patent case decided by this Court being *Smith* v. *Whitman Saddle Co.*, 148 U.S. 672 (1892)."

Petitioner is confused and in error both as to the joinders of causes of action and the application of statutory law and decisions of this Court. Respondent's cause of

action arose under the federal laws when its design patent issued. Its common law cause of action for unfair competition began when it introduced its product to the public so that its appearance became sufficiently identifiable as to acquire a secondary meaning to support suits against subsequent competitors who cause confusion in the trade. In the present case, "actual confusion".

The joinder of both of respondent's causes of action were and are sanctioned in a long line of cases of this Court including *Hurn* v. *Oursler*, 289 U.S. 238 (1933); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938) and *Mazer* v. *Stein*, 347 U.S. 201 (1954).

Furthermore, Federal Statute, 28 U.S.C. 1338 (b) provides that unfair competition may be joined with a substantial and related claim under the patent laws. The Federal Rules of Civil Procedure suggests a form for joining a federal statutory monopoly (copyright) with a cause of action for unfair competition. (Form 17).

Petitioner cites no case in support of its contention that a party forfeits his rights under the common law when a patent is declared invalid. Petitioner cites no authority that a person must irrevocably choose between the common law and the patent law at some particular time. Indeed, the cases cited by petitioner (Brief p. 8, footnote and p. 9) are authority for precisely the opposite propositions.

Furthermore, this Court, in upholding a statutory copyright claim for 28 years (renewable for a similar period) stated in *Mazer* v. *Stein*, 347 U.S. 201 (1954 at page 217):

> "We do hold that the patentability of the statuettes, fitted as lamps or unfitted, does not bar copyright as works of art. Neither the copyright statute nor any other says that because a thing is patentable it may not be copyrighted. We should not so hold."

Certainly a nonstatutory common law right for unfair competition should not be cast in a more unfavorable position. The cases and authority are to the contrary. This reason for granting Petitioner's Writ is wholly unsupportable. Neither does the fact that this Court has not heard a design patent case since *Smith* v. *Whitman Saddle Co.*, 148 U. S. 672 (1892) lend any credence to the Petition.

2. The second reason asserted by Petitioner for granting the writ is that a court of equity is without power or right to issue an injunction, regardless of how reprehensible the conduct of a defendant may be, where a patent right has been or is involved. Petitioner states (Brief p. 5) "The anti-trust laws condemn a monopoly such as granted here, save only as it is within the protection of a lawfully granted patent monopoly. *Sola Electric Co.* v. *Jefferson Electric Co.*, 317 U.S. 173 (1942)."

Again Petitioner has misconstrued the relief granted Respondent, by attaching the heinous tag "monopoly" to the injunction granted to Respondent for Petitioner's palpable deeds of business misconduct which caused *actual confusion* between the products of the parties. As we have pointed out, the subject action does not involve the exclusive application of the federal patent laws. Furthermore, the anti-trust laws are not involved or applicable. The Courts below did not at any time have any question of violation of the anti-trust laws before it and Petitioner's assertion now, together with the "monopoly" label, is merely a belated effort by Petitioner to find some vehicle or compelling reason for granting of the writ.

The cases referred to by Petitioner, as will be more fully pointed out hereinafter, are those dealing with the "expiration" of a patent. That problem is not presented

here inasmuch as a design patent was granted to Respondent in December 1955 and the subject law suit was filed in July 1958. The District Court found Respondent's patent invalid but held that Respondent was entitled to an injunction because of the unfair competitive practices of Petitioner. There is therefore no need to consider or be misled by Petitioner's statement that either "the patentee has benefited from his patent in driving others from the field, as here, or has benefited from the deterrent to others to enter the field because of the patent" (Brief p. 7). Respondent did not have the benefit of his patent monopoly.

If Petitioner's reasoning were followed to its logical conclusion, every injunction issued by a court would be a "monopoly", regardless of the subject matter involved. Further, the law of unfair competition would be completely emasculated where any statutory protection might be sought such as by way of trademarks, copyrights and patents. This novel theory is completely contrary to the decisions of this Court in *Hurn* v. *Oursler; Kellogg* v. *National Biscuit Co.*, and *Mazer* v. *Stein* (*supra*). It also runs directly contrary to statutory law which provides for the joinder of a cause for unfair competition with a cause for patent infringement (28 U.S.C. 1338 (b)).

Petitioner relies upon the case of *Lucien Le Long* v. *Lander*, 164 F. 2d 395 (CA2, 1947) in support of its reasoning which, however, supports the Courts below and Respondent. In that case the Court of Appeals in an action for unfair competition based upon a perfume bottle, filed after the design patents thereon had expired, found sufficient differences in appearance between the bottles so as to preclude confusion by reasonably prudent purchasers. Furthermore the Court stated that the "plaintiff may prevail only if it proves that its style of bottle has ac-

quired a secondary meaning". The Court also differentiated between expired patents and those patents which have been held invalid and stated "If in return for the statutory monopoly or a term the patentee is held thereafter to dedicate his invention to the public, it would naturally follow that where he had never had this monopoly he has nothing to give up. The situation is one where no patent has ever existed" (p. 398). Based upon this Court's statements a cause of unfair competition is available if "secondary meaning" is shown (even after the expiration of the patent monopoly) and a patentee whose patent has been declared invalid has not had the benefit of the so-called "monopoly".

Petitioner's concluding quote on page 9 of its brief is not a direct quote by the Court in *The Hygienic Specialty Co.* v. *H. T. Salzman, Inc.*, 302 F.2d 614, 619 (C.A. 2 1962) but is a quote by that court of the case of Judge Medina in *American Safety Table Co.* v. *Schreiber*, 269 F.2d 272. Despite this lifted portion from the context of Judge Medina's decision, Judge Medina did grant injunctive relief and damages for defendant's unfair competition; even though the Court did find a patent invalid.

In the *Hygienic* case, the Court found on the merits that the design patent therein was invalid and that the plaintiff was also not entitled to relief for unfair competition, because the facts did not support such a cause of action. The court did state, however (p. 619): "On the other hand, competition must be 'fair' both to the consumer, and so far as possible, to the trade. Consumer protection has been limited (in this context) to the prevention of confusion, *i.e.*, the customer should not be misled into purchasing an article from one producer in the belief that it was made by some one else or emanates from some other (but

unidentified) source." This is precisely the application of Illinois law granted Respondent by the Courts below where "actual confusion" occurred.

The decision in *Goodyear Tire and Rubber Co.* v. *Robertson*, 18 F. 2d 639, 641, merely stands for the proposition, upon the facts in that case, that a design patent did not operate as a trademark. We do not have that proposition before this Court.

The decision in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111; 59 S.Ct. 109, has been much relied upon by defendants sued for design patent infringement. While the pillow shaped form of the "shredded wheat" biscuit was covered by a design patent the patent was declared invalid and the dispute between the parties therefore resolved itself into a matter of avoiding confusion in the market place. The court found that defendant Kellogg was free to use the pillow shaped form subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff. The Court stated at page 120:

> "The question remains whether Kellogg Company in exercising its right to use the name 'shredded wheat' and the pillow shaped biscuit, is doing so fairly. Fairness requires that it be done in a manner which reasonably distinguishes its product from that of the plaintiff."

The decision in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249 (1945), stands for the authority that a patentee may not recapture any part of the patent monopoly after expiration of a patent, since the law dedicates to the public the subject matter embodied in expired patents. The case at bar did not involve an expired patent, nor does it involve extension of patent monopoly.

Sola Electric Company v. *Jefferson Electric Company*, 317 U.S. 173 (1942) involved a question of whether a patent licensee is estopped to challenge a price fixing clause in the license agreement by showing that the patent is invalid. The Court concluded that local rules of estoppel will not be permitted to thwart the purposes of statutes of the United States. The facts of this case are obviously different from the case at bar.

The citation of *Stiffel Co.* v. *Sears Roebuck & Co.*, 313 F.2d 115, only reaffirms the decisions by the Court of Appeals for the Seventh Circuit that they will find a Defendant guilty of unfair competition, even though a patent may be involved, where the "principles of old fashioned honesty" are not found. *Radio Shack Corp.* v. *Radio Shack*, 180 F.2d 200, 206 (CA7, 1950). The Court of Appeals also repeated the holding of the Court of Appeals in the case at bar and pointed out that proof of "palming off" or "secondary meaning" is no longer required by the Illinois law, so that likelihood of confusion is all that is required. (Although actual confusion was found in the present case) In both the *Stiffel* case and the case at bar the Trial Court found evidence to support unfair competition and the Court of Appeals for the Seventh Circuit agreed.

No sound or logical reason has been asserted for applying the anti-trust laws to the subject matter of the cause herein. Certainly not by calling Respondent's "injunction" a "monopoly". A Court of Equity should not be so shackled or hamstrung, nor should misconduct be allowed to run rampant in the market place, by emasculating the common law right of unfair competition whenever a patent is present. The anti-trust law requires no such application and none is contemplated by decision or statutory law.

CONCLUSION

What Petitioner is erroneously trying to accomplish in this case is:

a) Reverse the sound holding of the Courts below and perpetuate tortious activity in cases of unfair competition by obtaining a ruling that "principles of old-fashioned honesty are no longer controlling".

b) Obtain exclusive federal jurisdiction for tortious acts of unfair competition and remove it from the realm of state law in spite of the long recognized decision that the federal courts must recognize local law under *Erie* v. *Tompkins*, 304 U.S. 64, and *Hurn* v. *Oursler*, 289 U.S. 238.

c) Obtain by judicial decision what is not in the statutory law, namely, that unfair competition is a matter completely subject to federal jurisdiction and statutory law.

There is no basis for the petition and the same should be denied.

Respectfully submitted,

Owen J. Ooms,
One North LaSalle Street,
Chicago 2, Illinois,

Frederick M. Woodruff,
Gravely, Lieder & Woodruff,
705 Olive Street,
St. Louis 1, Missouri,
Attorneys for Respondent.

Frederick M. Woodruff,
Gravely, Lieder & Woodruff,
Of Counsel.